

Message Text

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ARA:HARYAN

S/S-O:MTANNER

S: MR. COVEY

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

C O N F I D E N T I A L STATE 054204

STADIS//////////

FOR AMBASSADOR FROM ROGERS

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: FOLLOW-UP TO SECRETARY'S TRIP

REF: BRASILIA 01862

1. THE FOLLOWING ARE BILATERAL RESPONSES WE HAVE COMPILED FROM PUBLIC AND PRIVATE STATEMENTS OF THE SECRETARY DURING HIS RECENT VISIT TO BRAZIL. WE RECOGNIZE YOU HAVE ANTICIPATED US IN EXCELLENT REFTEL TYING IN VARIOUS RESPONSES TO SPECIFIC EVENTS. NEVERTHELESS WE WOULD APPRECIATE KNOWING WHETHER POST HAS ADDITIONS OR CHANGES FOR THIS LIST WHICH IS CAST IN SOMEWHAT DIFFERENT FORM.

I. PRESS CONFERENCE

(1) PRESIDENT FORD DECIDED THAT THE UNITED STATES

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WOULD SIGN THE INTERNATIONAL COFFEE AGREEMENT. THE SECRE-

TARY SAID THAT HE IS CONFIDENT CONGRESS WILL ENDORSE THE AGREEMENT.

(2) WE WILL DISCUSS A BINDING INTERNATIONAL COMMITMENT ON THE ISSUES OF SUBSIDIES AND COUNTERVAILING DUTIES TO BE ULTIMATELY NEGOTIATED AT GENEVA UNDER THE AUTHORITY OF THE TRADE ACT OF 1974.

(3) WE WILL PROMOTE THE FULLEST DEDICATION OF PRIVATE AND PUBLIC RESOURCES TO THE TRANSFER OF SCIENTIFIC AND TECHNOLOGICAL ADVANCES IN THE INTERESTS OF BRAZIL'S LONG TERM DEVELOPMENT.

(4) WE ALSO FORESEE THAT OUR CONSULTATIONS MIGHT REACH AS WELL INTO THE AREAS OF ENERGY, SPACE AND OCEAN RESOURCES DEVELOPMENT.

(5) THE SECRETARY ALSO STATED IN HIS PRESS CONFERENCE THAT AN EXAMINATION WOULD BEGIN IMMEDIATELY IN THE US OF TRADE AND BALANCE OF PAYMENTS ISSUES BETWEEN BRAZIL AND THE US.

(6) WE WILL DISCUSS VARIOUS APPROACHES TO THE ISSUE OF DUTIES ON SHOES "TO OFFER SOME HOPE THAT THIS PARTICULAR IRRITANT CAN BE EASED IF NOT ELIMINATED."

II. THE SECRETARY SIGNED A MEMORANDUM OF UNDERSTANDING WITH BRAZILIAN FOREIGN MINISTER SILVEIRA. THE MEMORANDUM STATES THAT THE TWO GOVERNMENTS WILL HOLD SEMIANNUAL MEETINGS, AT FOREIGN MINISTER LEVEL, 'ON THE FULL RANGE OF FOREIGN POLICY MATTERS INCLUDING ANY SPECIFIC ISSUE THAT MAY BE RAISED BY EITHER SIDE.' CONSULTATIONS WILL BE CARRIED FORWARD ON AN ONGOING BASIS THROUGH NORMAL DIPLOMATIC CHANNELS. 'THESE CHANNELS WILL BE USED FOR THE PREPARATION OF A MUTUALLY ACCEPTABLE AGENDA FOR THE CONSULTATIONS.'

IN HIS REMARKS AT THE SIGNING OF THE MEMORANDUM, THE SECRETARY SAID THAT IN ADDITION TO OTHER CONSULTATIVE GROUPS WHICH ALREADY EXIST BETWEEN THE US AND BRAZIL WE

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WOULD FORM 'IMMEDIATELY:

(1) "ANOTHER GROUP DEALING WITH ENERGY AND

(2) A SECOND ONE DEALING WITH SCIENTIFIC AND TECHNICAL COOPERATION."

(3) MINISTER UEKI AND SOME EXPERTS HAVE ACCEPTED

OUR INVITATION TO VISIT WASHINGTON IN THE VERY NEAR FUTURE TO DISCUSS A VERY BROAD AGENDA.

(4) SECRETARY SIMON IS GOING TO BRAZIL THIS SPRING.

(5) WE ARE PLANNING A MEETING OF THE OVERALL COMMISSION BEFORE TOO MANY MONTHS HAVE PASSED.

III. COMMITMENTS FROM PRIVATE CONVERSATIONS

(1) ENERGY SUBGFOUP: EXCHANGE OF TECHNICAL INFORMATION AND DEVELOPMENT OF PROJECTS IN SHALE, COAL LIQUIFICATION, AND URANIUM ENRICHMENT.

RESPONSE: INVITATION TO US FOR MINISTER UEKI TO HEAD MEETING OF SUBGROUP AT THE END OF MARCH OR EARLY APRIL.

(2) DEEP SEABED: DISCUSSION OF TREATY ALTERNATIVES

RESPONSE: DISCUSSION OF TREATY ALTERNATIVES.

(3) SCIENCE AND TECHNICAL COOPERATION: POST AID RELATIONSHIP.

RESPONSE: WE SHOULD SET UP A MECHANISM WITH MEMBERS FROM ALL AGENCIES MAKING CLEAR THAT THIS IS A MATTER OF HIGH-LEVEL PRIORITY.

(4) TRAINING: TECHNICAL TRAINING FOR 150 AGRICULTURAL TECHNICIANS AT UNIVERSITIES AND DEPARTMENT OF AGRICULTURE.

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RESPONSE: INCLINATION IS TO SUPPORT.

(5) WORLD BANK:

(A) HYDROELECTRIC: REQUEST FOR SUPPORT.

RESPONSE: TAKE UP WITH MCNAMARA.

(B) CARAJAS IRON MINE

RESPONSE: TAKE UP WITH MCNAMARA

(C) SOFT LOANS: HELP FOR DEPRESSED AREAS IN THE NORTHEAST.

RESPONSE: TAKE UP WITH MCNAMARA

(6) INCREASE IN WORKING CAPITAL: REQUEST FOR US
SUPPORT OF SELECTIVE CAPITAL INCREASE PROPOSAL.

RESPONSE: TAKE UP WITH MCNAMARA AND SIMON.

(7) COUNTERVAILING DUTIES: SIMONSEN PROPOSAL TO
ASSIST EXPORTS THROUGH TAX REBATES INSTEAD OF SUBSIDY.

RESPONSE: TRY THE IDEA AND SEE WHETHER IT CAN BE
WORKED OUT. ALSO, EXAMINE THE APPROACH OF DEFINING
WHAT CONSTITUTES A SUBSIDY.

(8) COMMODITIES:

(A) SOYBEANS: DISCUSS PRICE COORDINATION.

RESPONSE: WE WOULD NOT OPPOSE.

(B) IRON

RESPONSE: IT DEPENDS ON THE MECHANISM.

(C) NICKEL AND MANGANESE

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RESPONSE: OFFER TO CONSIDER.

(D) COCOA

RESPONSE: WE SHOULD INFORM PRODUCERS WHAT WE
THINK IT WOULD TAKE TO REOPEN NEGOTIATIONS.

(9) CONFIDENCE IN LOANS TO LDCS: ATTEMPT TO END
LEAKS OF CONFIDENTIAL BANKING DATA SHOWING LARGE EXPOSURE
TO LDCS AMONG WEAK BANKS.

RESPONSE: TO DISCUSS WITH CHAIRMAN BURNS.

2. THE BUREAU HAS ALREADY BEGUN TO FOLLOW-UP. THE
FIRST STEP WAS COMPILING THE INVENTORY OF RESPONSES. WE
ARE NOW ORGANIZING TO FOLLOW THROUGH ON EACH ONE.

3. THE SECRETARY IS TESTIFYING TO THE HIRC ON MARCH 4
ABOUT HIS TRIP. WE WILL CABLE YOU HIS STATEMENT TO THE
COMMITTEE. KISSINGER

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